

Gentlemen:

This letter sets forth the agreed upon final indirect cost rates established by auditor determination in accordance with FAR 42.705-2(b)(2)(ii) *{insert if contractor has DoD contracts entered into before November 9, 1999, "and DoD FAR Supplement 242.705-2(b)(2)(ii)."}*

The final annual indirect cost rates for the fiscal year ended *{contractor's fiscal year}* are as follows:

Cost Center	Rate	Allocation Base	
		Amount	Description
			(a)
			(b)
			(c)

(a)
(b)
(c)

These rates are applicable to the base costs specified for each of the contracts performed during your fiscal year ended *{contractor's fiscal year}*. The allowable costs by contract for the indicated fiscal year and from inception are shown in Attachment 1, Schedule of Cumulative Allowable Costs by Contract.

This indirect rate understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in the contracts listed in Attachment 1. This understanding is incorporated into each of the affected contracts upon execution.

{Include the following statements as applicable}

Specific indirect cost items treated as direct costs in the settlement of the subject rates are discussed in Attachment 2. **OR,**

The subject rates do not include any specific indirect cost items which were treated as direct costs in the settlement of the subject rates.

Contracts containing advance agreements or special provisions rendering these rates inapplicable, in part or whole are identified in Attachment 3, with the applicable special rate(s) noted. **OR,**

There were no contracts that contained advance agreements or special provisions rendering these rates inapplicable, in part or whole.

Please confirm your acceptance of the terms of the indirect cost rate agreement by signing and returning this letter to me. A duplicate of this letter is enclosed for your records.

You are directed to promptly submit adjustment vouchers or final vouchers for all flexibly priced contracts. Audit adjustments should be clearly delineated so as to be readily identifiable for verification by this office. Care should be taken that amounts claimed do not exceed contract limitations or contract indirect cost rate ceilings.

Sincerely,

Branch Manager

Enclosures:

Attachment 1 – Schedule of Cumulative Allowable Cost by Contract
Attachment 2 – Schedule of Specific Indirect Cost Items Treated as Direct
in the Settlement of CFY XXXX

Attachment 3 – Schedule of Special Indirect Cost Rates for Contracts
Containing Advance Agreements or Special Provisions

[Contractor Name] accepts the above stated final indirect cost rates.

Name: _____ Signature: _____
Title: _____ Date: _____
Contractor: _____